

## Report of the Examination Committee

Title of Dissertation: Family Business Management and Succession in Vietnam  
『ベトナムにおける同族企業の経営と継承』

Name of the Applicant: Yuki Higuchi  
樋口裕城

ID number: PHD10206

Date of submission: August 19, 2014

Date of thesis defense: September 4, 2014

Date of committee meeting: September 4, 2014

Main Adviser: Tetsushi Sonobe

Submission of the report: September 12, 2014

### Summary of the dissertation

While the importance of managerial capital or business skills as a determinant of the productivity, growth, and longevity of enterprises would be too basic to mention in business schools, development economists have only recently begun empirical studies of managerial capital, investigating how scarce it is in developing countries and how it can be increased there. There are two approaches to increasing managerial capital in developing countries. The first is to increase the managerial capital of existing managers by means of management training, coaching and so forth. The second approach is to encourage a greater number of promising persons, such as relatively highly educated youths, to enter the business world. This dissertation is an attempt to contribute to the knowledge of these two approaches. It uses unique panel data of manufacturing enterprises and their owner families in two industrial clusters in northern Vietnam, where the applicant participated as an enumerator in the one of the several enterprise surveys that I have conducted several times since 2007 in collaboration with Foreign Trade University in Hanoi and the World Bank. His dissertation has six chapters. Its fourth and fifth chapters present the results of empirical analysis of the second and first approaches mentioned above, respectively.

Chapter 4 uses the data of the children of family business owners as well as the owners and their enterprises to analyze the mechanism of family business succession. The children data were collected only in the latest survey, in which the applicant participated, but not in the earlier surveys that I conducted. Business owners seem to invest in education much more than typical parents in developing economies, and the children of business owners seem to be much more likely to enter the business world. This chapter finds, among other things, that as many as one-third of the children of business owners went to college, that business owners' educational background, willingness to compete, and cognitive ability have significant impacts on their children's educational and occupational choices, and that first sons are not more likely to succeed parents' business than their siblings. Although what these findings imply for economic development or development policy is not yet clear, it is a first step toward understanding the mechanism of family business succession in developing economies because the issue has been discussed so far only in the context of developed economies and mostly in the literature on business administration, not in the development economics literature. A journal version of this chapter will soon be submitted to a business administration journal. It is a future issue to recast this study as a study of economic development.

Chapter 5 attempts to evaluate the impacts of management training intervention conducted in 2010, that is, before the applicant started his dissertation research. While there have already been many studies of management training impacts, they evaluate the impacts only a year later or even earlier, and the question of how soon training effect wane is left open. Before he joined this research project, a baseline survey and two follow-up surveys had been conducted to collect data of enterprises in the treatment and control groups, to which the sample enterprises had been randomly assigned. The applicant took advantage of these survey data together with the new data that he helped to collect in early 2013 to examine the relatively long-run impacts of the training program, which is a feature of this study. The second feature is that the management training program under study included one-week class-room lecture on the Kaizen management and two or three on-site training in which business consultants visited each of the treatment group enterprises and taught owners and workers how to get Kaizen activities started. Even Kaizen experts including the business consultants who

participated in this particular project are not sure that such a short-term training program has long-lasting effects on management practices and business performance of trainees.

Chapter 5 finds that the training program had significant effects on the management practices of the treated enterprises more than two years later, that the two industrial clusters differed in the magnitude of training impact on management practices, and that the training improved business performance slightly in one cluster but did not at all in the other. The chapter argues that there are good reasons for such contrasting results between the study sites, and it examines the difference in impacts between the classroom training and the on-site training. This chapter also finds that in both clusters, the treatment group became more willing to pay for participation in training programs. The weak or no improvement in business performance and the increased willingness to pay do not contradict each other. They instead suggest that the training participants have recognized their needs for an advanced training program. These findings are new to the literature and more useful for designing effective training programs in future than the existing studies of management training experiments, which evaluate the very short-term impacts of particular training programs without comparing different training methods or different types of trainees. A journal version of this chapter will soon be submitted to a journal of development economics.

### **Report of the committee meeting**

The examination committee had a meeting immediately after the defense. The committee members were Prof. Keijiro Otsuka, Prof. Alistair Munro, Prof. Aya Suzuki (University of Tokyo), and Tetsushi Sonobe. Prof. Munro functioned as a substitute for the chairperson of the PhD programs committee because the chairperson was the main advisor of this applicant. Prof. Suzuki, an external reviewer, has expert knowledge of the literature on management training experiment. Prof. Otsuka, who attended the applicant's PhD candidate seminar and his earlier presentations, could attend neither the defense nor the examination committee meeting, but he had submitted his written comments and overall evaluation on the dissertation by email to the main advisor in advance.

The marks that the committee members gave this dissertation ranged from 4.0 to 4.5 and averaged 4.4, which was well above the passing mark of 3.0. The members

made comments on such issues as the explanation of the dissertation's contribution to the literature, the derivation and statistical tests of the hypotheses, the provision of background information on family business, tax system and other institutional aspects in Vietnam, the specification and diagnostic tests of its empirical model, and the provision of detailed information on the way in which the enterprise survey was conducted. It was pointed out that if a dissertation uses primary data, survey instruments, such as the questionnaire, should be attached to it. No survey instruments were attached to this dissertation when it was submitted to the committee before the defense. This and some other issues raised by the members were so important that they must be addressed before the resubmission of the dissertation. The committee members agreed to accept the applicant's dissertation subject to these important revisions and to entrust the task of verifying the completion of the requested revisions to the main advisor.

After the committee meeting, the main advisor gave the applicant some instructions as to the requested revisions and several other revisions in response to other useful comments made by the committee members. The main advisor received the revised dissertation on September 11, 2014 and verified on September 12, 2014 that all requested revisions had indeed been made. Thus, the resubmitted dissertation meets the condition set by the examination committee, and it follows that the committee recommends Yuki Higuchi for the PhD degree.